
CITY OF LA PORTE CITY

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2022



CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Table of Contents

	Page
City Officials	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis (MD&A)	5-9
Basic Financial Statements:	
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	10
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	11
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	12
Notes to Financial Statements	13-26
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	27
Notes to Other Information - Budgetary Reporting	28
Schedule of the City's Proportionate Share of the Net Pension Liability	29
Schedule of City Contributions	30
Notes to Other Information - Pension Liability	31
Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	32
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	33
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Schedule of Findings	36-38
Staff	39

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

City Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jasmine Gaston	Mayor	January, 2025
Kristi Harrill	Mayor Pro tem	January, 2023
Brett Hakeman	Council Member	January, 2023
Phillip Medina	Council Member	January, 2025
Jan Pint	Council Member	January, 2023
Jordan Schmitz	Council Member	January, 2025
Jane Whittlesey	City Clerk/Treasurer	Indefinite
Corey Lorenzen	Attorney	Indefinite
Joshua Moon	Attorney	Indefinite

511 E. 5th Street, Suite 300
PO Box 1290
Waterloo, Iowa 50704-1290
Telephone (319) 233-3318
Fax (319) 233-1346
E-mail cam@carneycpa.com



218 Main Street
La Porte City, Iowa 50651
Telephone (319) 342-2312
Fax (319) 342-2020

Thomas F. Thierman, CPA
David J. Rogers, CPA/ABV
Janel J. Ruzicka, CPA

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of La Porte City, Iowa, as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of La Porte City, Iowa, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of La Porte City, Iowa, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of La Porte City, Iowa's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the cash basis of accounting will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with cash basis of accounting, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of La Porte City, Iowa's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of La Porte City, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Required Supplementary Information

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 9 and 27 through 31, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of La Porte City's basic financial statements. The supplementary information included on pages 32 through 39, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 on our consideration of City of La Porte City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Porte City's internal control over financial reporting and compliance.

Carney, Alexander, Mardol + Co, LLP

May 15, 2023

Management Discussion and Analysis

The City of La Porte City provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Fiscal Year 2022 Financial Highlights:

- Receipts of the City's governmental activities decreased 42.3% or approximately \$2,367,447, from fiscal year 2021 to fiscal year 2022. The decrease was mainly due to sale of bonds for city wide improvements and additional grants for capital projects in the prior year.
- Disbursements of the City's governmental activities decreased 39.7%, or approximately \$3,300,463, in fiscal year 2022 from fiscal year 2021. The significant decrease in disbursements was primarily due to capital street projects in the prior year.
- The City's total cash basis net assets increased by 12.2%, or approximately \$319,245 from June 30, 2021 to June 30, 2022. Of this amount, the cash basis net position of the governmental activities increased approximately \$186,098 and the cash basis net position of the business type activities increased approximately \$133,147.

Using This Annual Report

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the City's Financial Activities

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Statement of Activities and Net Assets present the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the ambulance and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Library and Museum, 3) the Debt Service Fund, 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Sewer and Ambulance funds, considered to be major funds of the City.

The required financial statements for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$2,239,855 in Fiscal Year 2021 to \$2,425,953 at the end of Fiscal Year 2022. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 1,099	\$ 740
Operating grants, contributions, and restricted interest	155	599
Capital grants, contributions, and restricted interest	3	766
General receipts:		
Property tax	1,119	1,082
Tax increment financing	206	144
Local option sales tax	408	346
Commercial/industrial tax replacement	16	18
Unrestricted interest on investments	14	2
Other general receipts	903	83
Proceeds from bond	1,421	3,681
Transfers, net	(49)	240
Total receipts and transfers	<u>4,485</u>	<u>7,701</u>
Disbursements:		
Public safety	586	765
Public works	1,031	715
Health and social services	2	15
Culture and recreation	379	354
Community and economic development	141	72
General government	231	259
Debt service	1,836	460
Capital projects	93	5,049
Total disbursements	<u>4,299</u>	<u>7,689</u>
Increase/(decrease) in cash basis net position	186	12
Cash basis net position beginning of year	<u>2,240</u>	<u>2,228</u>
Cash basis net position end of year	<u>\$ 2,426</u>	<u>\$ 2,240</u>

The City's total receipts for governmental activities decreased 71.7%, or approximately \$3,216,000, over the prior year. The total cost of all programs and services decreased approximately \$3,390,000, or 44%, with capital project and public safety disbursements decreasing approximately \$4,956,000 and \$179,000, respectively. The decrease in disbursements is primarily due to multiple capital projects during the prior year.

The cost of all governmental activities this year was approximately \$4 million compared to approximately \$7 million last year. However, as shown in the Statement of Activities and Net Position on pages 16-17, the amount taxpayers ultimately financed for these activities was approximately \$1.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$316,940) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$161,039). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2022 from approximately \$7.7 million to approximately \$4.5 million, primarily due to receiving grant proceeds for the Main Street Rehabilitation, Wolf Creek Rehabilitation and Sweet 2nd and 3rd Subdivisions Addition projects in the prior year.

Changes in Cash Basis Net Position of Business Type Activities
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Receipts and transfers:		
Program receipts:		
Charges for service		
Sewer	\$ 406	\$ 395
Ambulance	130	101
Operating grants, contributions, and restricted interest	5	5
General receipts:		
Unrestricted interest on investments	7	3
Proceeds from bond	245	(846)
Transfer net	49	(239)
Total receipts	<u>842</u>	<u>2,615</u>
Disbursements:		
Sewer	621	527
Ambulance	88	92
Total disbursements	<u>709</u>	<u>620</u>
Increase in cash basis net position	133	(355)
Cash basis net position beginning of year	<u>371</u>	<u>7,276</u>
Cash basis net position end of year	<u>\$ 504</u>	<u>\$ 371</u>

Total business type activities receipts for the Fiscal Year 2022 were \$842,305 compared to \$504,505 in the previous year. The cash balance increased by \$337,800 from Fiscal Year 2021. Total disbursements in Fiscal Year 2022 increased to \$709,158 compared to \$619,752 due to capital projects in the sewer fund.

Individual Major Governmental Fund Analysis

As the City of La Porte City completed the year, its governmental funds reported a combined fund balance of \$2,425,953, an increase of \$186,098 from the Fiscal Year 2021 total of \$2,239,855. The following are the reasons for the changes in fund balances of the major funds from the prior year:

- The Road Use Tax Fund cash balance decreased by \$115,185 to a balance of \$181,928 during Fiscal Year 2022.
- The General Fund cash balance increased to \$1,409,933 from the prior year balance of \$1,135,926.
- Capital projects fund balance increased \$26,039.

Individual Major Business Type Fund Analysis

- The Enterprise, Sewer Fund cash balance increased by \$83,201 to \$199,690.
- The Enterprise, Ambulance Fund cash balance increased by \$49,946 to \$301,911.

- **Budgetary Highlights**

Over the course of the year, the City amended its budget. Budget amendments are a routine occurrence for the City and are primarily due to purchases not anticipated at the time that the budget was originally approved by the City Council.

Debt Administration

As of June 30, 2022, the City had approximately \$5,050,000 in bonds, compared to approximately \$5,365,000 in the previous year.

The Constitution of the State of Iowa allows a city to issue general obligation debt at a limit of 5% of the actual assessed value of the property within the City's corporate limits. The City's outstanding general obligation debt of approximately \$5 million is below its constitutional debt limit of approximately \$6 million. Additional information about the City's long-term debt is presented in Note 3 of the financial statements.

Economic Factors and Next Year's Budgets and Rates:

The City of La Porte City's elected and appointed officials and citizens considered many factors when setting the Fiscal Year 2023 budget, tax rates and fees charged for various City activities. One of those factors is the economy.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jane Whittlesey, City Clerk, 202 Main Street, La Porte City, Iowa 50651

Basic Financial Statements

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2022

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total	Component Unit
Functions/Programs:								
Primary Government:								
Governmental activities:								
Public safety	\$ 586,531	\$ 170,001	\$ 107,289	\$ -	\$ (309,241)	\$ -	\$ (309,241)	\$ -
Public works	1,031,586	654,445	-	-	(377,141)	-	(377,141)	-
Health and social services	1,866	9,070	-	-	7,204	-	7,204	-
Culture and recreation	379,527	69,654	37,827	-	(272,046)	-	(272,046)	-
Community and economic development	140,602	-	1,463	-	(139,139)	-	(139,139)	-
General government	231,496	196,177	-	-	(35,319)	-	(35,319)	-
Debt service	1,836,568	-	-	-	(1,836,568)	-	(1,836,568)	-
Capital projects	92,782	-	8,960	2,500	(81,322)	-	(81,322)	-
Total governmental activities	4,300,958	1,099,347	155,539	2,500	(3,043,572)	-	(3,043,572)	-
Business type activities:								
Sewer	620,985	406,450	-	-	-	(214,535)	(214,535)	-
Ambulance	88,173	129,719	4,528	-	-	46,074	46,074	-
Total business type activities	709,158	536,169	4,528	-	-	(168,461)	(168,461)	-
Total	\$ 5,010,116	\$ 1,635,516	\$ 160,067	\$ 2,500	(3,043,572)	(168,461)	(3,212,033)	-
Component Unit:								
La Porte City Utilities	\$ 2,398,901	\$ 2,688,247	\$ -	\$ -	-	-	-	289,346
General Receipts and Transfers:								
Property and other city tax levied for:								
General purposes					732,103	-	732,103	-
Debt Service					387,183	-	387,183	-
Tax increment financing					206,195	-	206,195	-
Local option sales tax					408,356	-	408,356	-
Cable franchise fees					10,804	-	10,804	-
Commercial/industrial tax replacement					16,345	-	16,345	-
Unrestricted interest on investments					14,263	6,872	21,135	969
Miscellaneous					224	-	224	5,060
Sale of capital assets					81,933	-	81,933	-
Transfers					(49,551)	49,551	-	-
General obligation notes proceeds, including \$31,000 premium, net of \$21,865 issuance costs					1,421,815	245,185	1,667,000	-
Total general receipts and transfers					3,229,670	301,608	3,531,278	6,029
Change in cash basis net position					186,098	133,147	319,245	295,375
Cash basis net position beginning of year					2,239,855	371,454	2,611,309	1,973,837
Cash basis net position end of year					\$ 2,425,953	\$ 504,601	\$ 2,930,554	\$ 2,269,212
Cash Basis Net Position								
Restricted:								
Streets					181,928	\$ -	\$ 181,928	\$ -
Debt service					74,504	-	74,504	585,278
Capital projects					129,214	-	129,214	499,304
Other purposes					630,376	-	630,376	10,333
Unassigned					1,409,931	504,601	1,914,532	1,174,297
Total cash basis net position					\$ 2,425,953	\$ 504,601	\$ 2,930,554	\$ 2,269,212

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2022

	Special Revenue			Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
	General	Road Use Tax	Library and Museum				
Receipts:							
Property tax	\$ 589,336	\$ -	\$ -	\$ 381,845	\$ -	\$ 140,599	\$ 1,111,780
Tax increment financing	-	-	-	-	-	206,195	206,195
Local option sales tax	408,356	-	-	-	-	-	408,356
Other city tax	-	-	-	5,338	-	2,168	7,506
Licenses and permits	27,149	-	-	-	-	-	27,149
Use of money and property	19,508	-	1,940	-	-	-	21,448
Intergovernmental	422,093	308,675	1,300	-	2,500	7,076	741,644
Charges for service	375,662	-	-	-	-	-	375,662
Miscellaneous	64,586	10,545	14,068	-	8,959	34,961	133,119
Total receipts	1,906,690	319,220	17,308	387,183	11,459	390,999	3,032,859
Disbursements:							
Operating:							
Public safety	481,109	-	-	-	-	105,422	586,531
Public works	355,628	628,107	-	-	-	47,851	1,031,586
Health and social services	1,866	-	-	-	-	-	1,866
Culture and recreation	354,160	-	42	-	-	25,325	379,527
Community and economic development	140,602	-	-	-	-	-	140,602
General government	211,749	-	-	-	-	19,747	231,496
Debt service	-	-	-	1,836,568	-	-	1,836,568
Capital projects	-	-	-	-	92,782	-	92,782
Total disbursements	1,545,114	628,107	42	1,836,568	92,782	198,345	4,300,958
Excess (deficiency) of receipts over (under) disbursements	361,576	(308,887)	17,266	(1,449,385)	(81,323)	192,654	(1,268,099)
Other financing sources (uses):							
General obligation notes proceeds, including \$31,000 premium, net of \$21,865 issuance costs	-	-	-	1,421,815	-	-	1,421,815
Sale of capital assets	1,006	-	-	-	80,927	-	81,933
Operating transfers in	149,617	230,000	-	219,643	26,435	24,000	649,695
Operating transfers out	(238,192)	(36,298)	(3,921)	(205,000)	-	(215,835)	(699,246)
Total other financing sources (uses)	(87,569)	193,702	(3,921)	1,436,458	107,362	(191,835)	1,454,197
Net change in cash balances	274,007	(115,185)	13,345	(12,927)	26,039	819	186,098
Cash balances beginning of year	1,135,926	297,113	487,286	58,105	103,173	158,252	2,239,855
Cash balances end of year	\$ 1,409,933	\$ 181,928	\$ 500,631	\$ 45,178	\$ 129,212	\$ 159,071	\$ 2,425,953
Cash Basis Fund Balances							
Restricted for:							
Streets	-	181,928	-	-	-	-	181,928
Debt service	-	-	-	45,178	-	29,326	74,504
Capital projects	-	-	-	-	129,214	-	129,214
Other purposes	-	-	500,631	-	-	129,745	630,376
Unassigned	1,409,931	-	-	-	-	-	1,409,931
Total cash basis fund balances	\$ 1,409,931	\$ 181,928	\$ 500,631	\$ 45,178	\$ 129,214	\$ 159,071	\$ 2,425,953

See notes to financial statements.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2022

	Enterprise Funds		
	Sewer	Ambulance	Total
Operating receipts:			
Charges for service	\$ 406,450	\$ 128,589	\$ 535,039
Miscellaneous	-	1,130	1,130
Total operating receipts	406,450	129,719	536,169
Operating disbursements:			
Business type activities:	620,985	88,173	709,158
Excess of operating receipts over operating disbursements	(214,535)	41,546	(172,989)
Non-operating receipts (disbursements):			
Intergovernmental	-	4,528	4,528
Interest on investments	3,000	3,872	6,872
Revenue bond proceeds	245,185	-	245,185
Total non-operating receipts	248,185	8,400	256,585
Excess (deficiency) of receipts over (under) disbursements	33,650	49,946	83,596
Transfers in	92,496	-	92,496
Transfers out	(42,945)	-	(42,945)
Net change in cash balances	83,201	49,946	133,147
Cash balances beginning year	116,489	254,965	371,454
Cash balances end of year	\$ 199,690	\$ 304,911	\$ 504,601
Cash Basis Fund Balances			
Unassigned	\$ 199,690	\$ 304,911	\$ 504,601

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies

The City of La Porte City is a political subdivision of the State of Iowa located in Black Hawk County. It was first incorporated in 1871 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer utilities and ambulance services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of La Porte City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an Organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the Organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of La Porte City (the primary government), and the following component units: The La Porte City Police Association, the La Porte City Firefighters Association and the Friends of the Museum. These component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship.

Blended Component Units

The La Porte City Police Association (Police Association) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate for charitable purposes to assist the La Porte City police service. The Police Association is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. The Police Association was established to improve the City's law enforcement, promote the knowledge and understanding in all aspects of law enforcement, to promote continuing education and training and to promote public education and awareness of crime prevention. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Police Association meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the city.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies (continued)

The La Porte City Firefighters Association (Firefighters Association) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate for charitable purposes to assist the La Porte City fire service. The Firefighters Association is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. The Firefighters Association was established to improve firemanship, promote the knowledge and understanding in all aspects of firemanship, to promote continuing education and training and to promote public education and awareness of all phases of fire prevention. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Firefighters Association meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

The La Porte City Friends of the Museum has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate for charitable purposes to assist the La Porte Museum. The Friends of the Museum is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Friends of the Museum meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

Discretely Presented Component Unit

The La Porte City Utilities was established pursuant to Chapter 388 of the Code of Iowa for the operation of the City's electric and water utilities. The Utility is governed by a three-member board appointed by the Mayor and approved by the City Council. A financial benefit/burden relationship exists between the City and the Utility in that the Utility collects customer fees for sewer and garbage service for the City. The Utility is presented as a discretely presented component unit in these financial statements. Complete financial statements can be obtained from the La Porte City Utilities, 403 Main Street, La Porte City, Iowa 50651.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Black Hawk County Assessor's Conference Board, City Assessor's Conference Board, Black Hawk County Emergency Management Commission and the Black Hawk County Joint 911 Service Board.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

B. Basis of Presentation (continued)

The Library and Museum Fund is used to account for contributions, fundraisers and grants for the City's Library and Agricultural Museum.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through enterprise funds.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Ambulance Fund accounts for the operation and maintenance of the City's ambulance service.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

D. Property Taxes and Governmental Cash Basis Fund Balances (continued)

Property tax revenues recognized in the funds become due and collectible in September and March of the current fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2022 disbursements did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of General Accounting Standards Board Statement No. 72.

(3) **Notes Payable**

A summary of the changes in notes payable for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation notes	\$ 5,365,000	1,395,000	1,710,000	5,050,000	530,000

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(3) Notes Payable (continued)

General Obligation Notes

A summary of the City's June 30, 2022 general obligation notes payable is as follows:

Year Ending June 30,	Streets, Sidewalks, Storm Sewers Water Lines			Streets, Sidewalks, Storm Sewers Water Lines		
	Issued May 24, 2016			Issued Jul 7, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	1.50%	\$ 55,000	12,157	2.00%	\$ 230,000	67,000
2024	1.80	55,000	11,333	2.00	235,000	62,400
2025	1.80	55,000	10,343	2.00	240,000	57,700
2026	2.10	60,000	9,352	2.00	245,000	52,900
2027	2.10	60,000	8,093	2.00	270,000	48,000
2028-2031	2.40-2.75	265,000	17,743	2.00	1,080,000	136,900
2032-2035		-	-	2.00	1,050,000	74,000
Total		<u>\$ 550,000</u>	<u>69,021</u>		<u>\$ 3,350,000</u>	<u>498,900</u>

Year Ending June 30,	Streets, Sidewalks, Storm Sewers Water Lines, Street Sweeper			Totals		
	Issued February 7, 2022					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	2.00%	\$ 250,000	23,000	\$ 535,000	102,157	637,157
2024	2.00	260,000	18,000	550,000	91,733	641,733
2025	2.00	225,000	12,800	520,000	80,843	600,843
2026	2.00	230,000	8,300	535,000	70,552	605,552
2027	2.00	185,000	3,700	515,000	59,793	574,793
2028-2031		-	-	1,345,000	154,643	1,499,643
2032-2035		-	-	1,050,000	74,000	1,124,000
Total		<u>\$ 1,150,000</u>	<u>65,800</u>	<u>5,050,000</u>	<u>405,078</u>	<u>3,060,078</u>

During the year ended June 30, 2022, the City paid \$1,710,000 of principal and \$115,003 of interest on the notes.

On March 13, 2012, the City issued \$1,920,000 of general obligation capital loan notes to provide funds for constructing streets and public grounds improvements. The notes bear interest ranging from .85% to 3.10% per annum and mature on June 1, 2027. During fiscal year 2022, the City paid principal of \$1,190,000 and interest of \$6,093 on the notes. The notes were paid in full at June 30, 2022.

On May 24, 2016, the City issued \$850,000 of general obligation capital loan notes to provide funds for constructing street and public ground improvements. The notes bear interest ranging from 1.00% to 2.75% per annum and mature on June 1, 2031. During fiscal year 2022, the City paid principal balance of \$50,000 and interest of \$6,453. The outstanding principal balance is \$550,000.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(3) Notes Payable (continued)

On July 7, 2020, the City issued \$3,575,000 of general obligation capital loan notes to provide funds for constructing street and public ground improvements. The notes bear interest at 2.00% per annum and mature on June 1, 2035. During fiscal year 2022, the City paid principal of \$225,000 and interest of \$71,500 on the notes. The outstanding principal balance at June 30, 2022 is \$3,350,000.

On February 7, 2022, the City issued \$1,395,000 of general obligation refunding capital loan notes to currently refund the City's outstanding balance of the City's 2012 general obligation capital loan notes and purchase a street sweeper. The notes bear interest of 2.0% per annum and mature on June 1, 2027. During fiscal year 2022, the City paid principal of \$245,000 and interest of \$8,835 on the notes. The outstanding principal balance at June 30, 2022 is \$1,150,000.

Capital Loan Note - Direct Borrowing

On March 22, 2021, the City entered into an Iowa Water Pollution Control Works Financing Program agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$271,000 of interest free sewer revenue capital loan notes anticipation project note. The notes were issued pursuant to Chapter 76.13 of the Code of Iowa for the purpose of defraying the costs of planning and design improvements to the municipal sewer utility. The City will draw down funds from IFA upon request to reimburse the City for costs as they are incurred. During the year ended June 30, 2022, the City had drawn \$245,185. As of June 30, 2022 a final repayment schedule had not yet been adopted.

On February 28, 2022, the City entered into a second agreement for the issuance of up to \$165,160. As of June 30, 2022, the City had not drawn any funds from this loan.

(4) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(4) Pension Plan (continued)

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service, but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applied IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(4) Pension Plan (continued)

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2022 totaled \$60,328.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of (\$183,001) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.005301%, which was a decrease of 0.000125% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled (\$43,650), \$86,381 and \$487,218, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation	
(effective June 30, 2017)	2.60% per annum.
Rates of salary increases	3.25% to 16.25% average, including inflation.
(effective June 30, 2017)	Rates vary by membership group.
Long-term investment rate of return	7.00% compounded annually, net of
(effective June 30, 2017)	investment expense, including inflation.
Wage growth	3.25% per annum, based on 2.60% inflation
(effective June 30, 2017)	and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the June 30, 2021 valuation were based on the RP-2041 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(4) Pension Plan (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5%	6.01%
Global smart beta equity	6.0%	5.10%
Core plus fixed income	26.0%	0.29%
Public credit	4.0%	2.08%
Cash	1.0%	-0.25%
Private equity	13.0%	9.51%
Private real assets	7.5%	4.63%
Private credit	3.0%	2.89%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 200,826	\$ (183,001)	\$ (504,483)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2022, the City contributed \$132,376 and plan members eligible for benefits contributed \$30,858 to the plan. At June 30, 2022, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the City of La Porte City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	11
Total	<u>11</u>

(6) Compensated Absences

City employees accumulate a limited amount of earned by unused vacation and sick leave time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave time payable to employees at June 30, 2022, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 13,448
Sick leave	148,014
Total	<u>\$ 161,462</u>

This liability has been computed based on rates of pay in effect at June 30, 2022.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Library and Museum	\$ 3,921
	Tax Increment Financing	145,696
		<u>\$ 149,617</u>
Special Revenue:		
Road Use Tax		25,000
LMI		24,000
Debt Service	Special Revenue:	140,400
Capital Projects	Tax Increment Financing	26,435
		<u>215,835</u>
Special Revenue:		
Road Use Tax	Debt Service	<u>205,000</u>
Debt Service	Special Revenue:	
	Road Use Tax	36,298
	General	42,945
		<u>79,243</u>
Total		<u>\$ 649,695</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Interfund Loans

During the year ended June 30, 2007, the Enterprise, Sewer Fund loaned \$90,000 to the General Fund, Economic Development Account for the purpose of housing rehabilitation purposes. During the year ended June 30, 2022, no repayments were made, leaving a balance of \$45,000.

During the year ended June 30, 2019, the General Fund, Equipment Replacement Account loaned \$100,000 and \$10,000 to the Capital Projects Fund for the Main Street Rehabilitation project and the Wolf Creek Park and Trails projects, respectively. During the year, the \$100,000 loan was reallocated as an interfund loan to the Sweet Addition. During the year ended June 30, 2022, payments of \$25,000 was made, leaving a balance of \$75,000. During the year ended June 30, 2022, no payments were made on the second loan, leaving a balance of \$10,000.

During the year ended June 30, 2020, the Special Revenue, Road Use Tax Fund loaned \$250,000 to the Capital Projects Fund for the Main Street Rehabilitation project. During the year ended June 30, 2022, this was reallocated as an interfund loan to the Sweet Addition. During the year ended June 30, 2022, no payments were made, leaving a balance of \$250,000.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(8) Interfund Loans (continued)

During the year ended June 30, 2022, the General Fund, Equipment Reserve loaned \$26,435.18 to the Capital Projects - Sweet Addition. The loan was repaid in full during the year ended June 30, 2022.

During the year ended June 30, 2022, the General Fund, Equipment Reserve loaned \$30,000 to the Economic Development - Housing Rehab fund. No repayments were made during the year.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) City of La Porte City Revolving Loan Account

The General Fund, Revolving Loan Account was established during the year ended June 30, 2008. The purpose of the account is to promote economic development in the City of La Porte City by providing low-interest financing to new and existing businesses. During the year ended June 30, 2008, the City received a \$45,000 grant to be used for economic development loans. This grant, along with \$46,000 contributed from City reserves, a total of \$91,000, was subsequently loaned to businesses in the City,

Upon receipt of loan payments from the businesses, the funds remain in the Revolving Loan Account for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to the City. The City had two loans outstanding at June 30, 2022.

The outstanding loan receivable of the General Fund, Revolving Loan Account at June 30, 2022 is as follows:

Business	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Balance at June 30, 2022
Great Plains Survey Inc.	Oct 2, 2017	\$ 24,126	3.0%	5 years	\$ 4,792
L&G Hardware, LLC.	Jul 7, 2020	50,000	0.0-3.0	6 years	39,718
					<u>\$ 44,510</u>

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Financial Statements
June 30, 2022

(11) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City of La Porte City, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of La Porte City. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of La Porte City's operations and finances.

(12) Subsequent Events

Management has evaluated subsequent events through May 15, 2023, the date on which the financial statements were available to be issued.

Other Information

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total	Budgeted Amounts		Final to Net Variance
					Original	Final	
Receipts:							
Property tax	\$ 1,111,780	\$ -	\$ -	\$ 1,111,780	\$ 1,111,200	\$ 1,111,200	\$ 580
Tax increment financing	206,195	-	-	206,195	216,000	216,000	(9,805)
Other city tax	415,862	-	-	415,862	301,717	301,717	114,145
Licenses and permits	27,149	-	-	27,149	21,325	21,325	5,824
Use of money and property	21,448	6,872	-	28,320	24,750	24,750	3,570
Intergovernmental	741,644	4,528	-	746,172	374,686	915,186	(169,014)
Charges for service	375,662	535,039	-	910,701	686,000	816,000	94,701
Miscellaneous	133,119	1,130	34,961	99,288	118,090	148,990	(49,702)
Total receipts	3,032,859	547,569	34,961	3,545,467	2,853,768	3,555,168	(9,701)
Disbursements:							
Public safety	586,531	-	36,950	549,581	542,006	579,106	29,525
Public works	1,031,586	-	-	1,031,586	854,068	1,098,568	66,982
Health and social services	1,866	-	-	1,866	11,017	11,017	9,151
Culture and recreation	379,527	-	2,385	377,142	405,533	443,783	66,641
Community and economic development	140,602	-	-	140,602	51,000	282,500	141,898
General government	231,496	-	-	231,496	241,789	246,789	15,293
Debt service	1,836,568	-	-	1,836,568	602,243	1,840,743	4,175
Capital projects	92,782	-	-	92,782	175,000	193,500	100,718
Business type activities	-	709,158	-	709,158	2,494,825	1,202,325	493,167
Total disbursements	4,300,958	709,158	39,335	4,970,781	5,377,481	5,898,331	927,550
Excess (deficiency) of receipts over (under) disbursements	(1,268,099)	(161,589)	(4,374)	(1,425,314)	(2,523,713)	(2,343,163)	917,849
Other financing sources, net	1,454,197	294,736	-	1,748,933	2,000,000	2,006,500	(257,567)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	186,098	133,147	(4,374)	323,619	(523,713)	(336,663)	660,282
Balances beginning of year	2,239,855	371,454	40,159	2,571,150	2,564,377	4,217,987	(1,646,837)
Balances end of year	\$ 2,425,953	\$ 504,601	\$ 35,785	\$ 2,894,769	\$ 2,040,664	\$ 3,881,324	\$ (986,555)

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Other Information - Budgetary Reporting

June 30, 2022

The budgetary comparison is presented in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund. During the year, budget amendments increased budget disbursements by \$520,850. The budget amendments are reflected in the final budget amounts.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Eight Years*
(In Thousands)

Other Information

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.006530%	0.006549%	0.006435%	0.006107%	0.006204%	0.006639%	0.006278%	0.005706%
City's proportionate share of the net pension liability	(183)	460	373	386	413	418	310	226
City's covered payroll	634	705	722	664	658	655	661	625
City's proportionate share of the net pension liability as a percentage of its covered payroll	-28.86%	65.25%	51.66%	58.13%	62.77%	63.82%	46.90%	36.16%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 60	\$ 60	\$ 68	\$ 70	\$ 61	\$ 61	\$ 60	\$ 61	\$ 58	\$ 55
Contributions in relation to the statutorily required contribution	<u>(60)</u>	<u>(60)</u>	<u>(68)</u>	<u>(70)</u>	<u>(61)</u>	<u>(61)</u>	<u>(60)</u>	<u>(61)</u>	<u>(58)</u>	<u>(55)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 682	\$ 634	\$ 705	\$ 722	\$ 664	\$ 658	\$ 655	\$ 661	\$ 625	\$ 598
Contributions as a percentage of covered payroll	8.80%	9.46%	9.65%	9.70%	9.19%	9.27%	9.16%	9.23%	9.28%	9.20%

See accompanying independent auditors' report.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Notes to Other Information - Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Supplementary Information

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds

As of and for the year ended June 30, 2022

		Special		Revenue		
	Employee Benefits	Tax Increment Financing	LPC Firefighters Association	LPC Police Association	Friends of the Museum	Total
Receipts:						
Property tax	\$ 140,599	\$ -	\$ -	\$ -	\$ -	\$ 140,599
Tax increment financing	-	206,195	-	-	-	206,195
Other city tax	2,168	-	-	-	-	2,168
Intergovernmental	7,076	-	-	-	-	7,076
Miscellaneous	-	-	16,960	6,845	11,156	34,961
Total receipts	149,843	206,195	16,960	6,845	11,156	390,999
Disbursements:						
Operating:						
Public safety	68,472	-	30,139	6,811	-	105,422
Public works	47,851	-	-	-	-	47,851
Culture and recreation	22,940	-	-	-	2,385	25,325
General government	19,747	-	-	-	-	19,747
Total disbursements	159,010	-	30,139	6,811	2,385	198,345
Excess (deficiency) or receipts over (under) disbursements	(9,167)	206,195	(13,179)	34	8,771	192,654
Other financing sources (uses):						
Operating transfers in	-	24,000	-	-	-	24,000
Operating transfers out	-	(215,835)	-	-	-	(215,835)
Total other financing sources (uses)	-	(191,835)	-	-	-	(191,835)
Net change in cash balances	(9,167)	14,360	(13,179)	34	8,771	819
Cash balances beginning of year	103,127	14,966	22,243	5,680	12,236	158,252
Cash balances end of year	<u>\$ 93,960</u>	<u>\$ 29,326</u>	<u>\$ 9,064</u>	<u>\$ 5,714</u>	<u>\$ 21,007</u>	<u>\$ 159,071</u>
Cash Balance Fund Balances						
Restricted for:						
Debt service	-	29,326	-	-	-	29,326
Other purposes	93,960	-	9,064	5,714	21,007	129,745
Total cash basis fund balances	<u>\$ 93,960</u>	<u>\$ 29,326</u>	<u>\$ 9,064</u>	<u>\$ 5,714</u>	<u>\$ 21,007</u>	<u>\$ 159,071</u>

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
Receipts:				
Property tax	\$ 1,111,780	\$ 1,079,324	\$ 1,054,060	\$ 963,974
Tax increment financing	206,195	144,462	184,950	185,052
Local option sales tax	408,356	346,064	298,045	301,368
Other city tax	7,506	2,236	1,514	-
Licenses and permits	27,149	23,368	23,945	24,689
Use of money and property	21,448	10,598	31,550	41,125
Intergovernmental	741,644	1,295,333	525,134	510,861
Charges for service	375,662	299,931	278,208	279,536
Miscellaneous	133,119	544,975	184,564	335,230
Total	<u>\$ 3,032,859</u>	<u>\$ 3,746,291</u>	<u>\$ 2,581,970</u>	<u>\$ 2,641,835</u>
Disbursements:				
Operating:				
Public safety	\$ 586,531	\$ 765,058	\$ 496,690	\$ 754,846
Public works	1,031,586	715,257	761,938	756,079
Health and social services	1,866	15,224	8,716	8,685
Culture and recreation	379,527	354,389	352,573	357,484
Community and economic development	140,602	72,376	8,560	235
General government	231,496	259,117	196,743	214,821
Debt service	1,836,568	460,482	378,288	359,243
Capital projects	92,782	5,048,924	268,951	118,552
Total	<u>\$ 4,300,958</u>	<u>\$ 7,690,827</u>	<u>\$ 2,472,459</u>	<u>\$ 2,569,945</u>

	2018	2017	2016	2015	2014	2013
Receipts:						
Property tax	\$ 963,291	\$ 954,829	\$ 922,017	\$ 914,315	\$ 905,527	\$ 819,070
Tax increment financing	195,599	154,135	139,168	123,674	149,006	146,534
Local option sales tax	274,770	310,908	279,050	280,000	294,079	277,129
Other city tax	-	-	-	-	-	-
Licenses and permits	22,696	27,727	27,840	41,257	43,439	28,700
Use of money and property	28,440	26,848	27,998	29,616	38,268	40,908
Intergovernmental	789,055	752,503	452,541	373,221	426,244	322,697
Charges for service	283,606	281,756	278,451	270,336	271,210	243,052
Miscellaneous	230,070	148,991	367,261	194,047	182,226	560,243
Total	<u>\$ 2,787,527</u>	<u>\$ 2,657,697</u>	<u>\$ 2,494,326</u>	<u>\$ 2,226,466</u>	<u>\$ 2,309,999</u>	<u>\$ 2,438,333</u>
Disbursements:						
Operating:						
Public safety	\$ 636,464	\$ 499,277	\$ 509,427	\$ 582,894	\$ 504,679	\$ 560,105
Public works	742,506	699,123	739,423	524,322	1,192,529	461,441
Health and social services	8,755	8,313	8,180	5,590	11,059	3,052
Culture and recreation	422,861	342,553	375,601	365,335	472,540	379,199
Community and economic development	33,512	6,765	50,717	95,441	40,841	59,581
General government	201,404	178,732	162,651	168,742	133,875	133,445
Debt service	453,113	468,329	387,953	384,348	414,555	2,204,916
Capital projects	394,390	1,489,670	507,645	124,762	664,951	563,011
Total	<u>\$ 2,893,005</u>	<u>\$ 3,692,762</u>	<u>\$ 2,741,597</u>	<u>\$ 2,251,434</u>	<u>\$ 3,435,029</u>	<u>\$ 4,364,750</u>

See accompanying independent auditor's report.

Internal Controls and Compliance

511 E. 5th Street, Suite 300
PO Box 1290
Waterloo, Iowa 50704-1290
Telephone (319) 233-3318
Fax (319) 233-1346
E-mail cam@carneycpa.com



218 Main Street
La Porte City, Iowa 50651
Telephone (319) 342-2312
Fax (319) 342-2020

Thomas F. Thierman, CPA
David J. Rogers, CPA/ABV
Janel J. Ruzicka, CPA

Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of La Porte City, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 15, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of La Porte City's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of La Porte City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of La Porte City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of La Porte City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of La Porte City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of La Porte City's Responses to the Findings

The City of La Porte City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of La Porte City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of La Porte City during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Carney, Alexander, Marshall & Co, LLP

May 15, 2023

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of Findings
Year ended June 30, 2022

I. Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's and the component units' financial statements.

Condition - Generally, one or two individuals may have control over the following areas for which no compensating controls exist:

- (1) Accounting system - performing all accounting functions, including making journal entries and having custody of assets.
- (2) Cash - initiating cash receipt and disbursement functions, handling and recording cash and reconciling.
- (3) Receipts - opening mail, collecting, depositing, reconciling and posting.
- (4) Disbursements - invoice processing, check writing, mailing, reconciling and recording.
- (5) Payroll - recordkeeping, preparing and distributing.
- (6) Debt - recordkeeping, compliance and debt payment processing.
- (7) Compensated absences - maintaining records and balance.

For the Firefighters Association and the Police Association, one individual has control over each of the following areas:

- (1) Cash - handling and recording cash.
- (2) Receipts - collection, depositing, posting and recording.
- (3) Disbursements - posting, reconciling and check writing.

Cause - The City and the Firefighters and Police Associations have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of Findings
Year ended June 30, 2022

Effect - Inadequate segregation of duties could adversely affect the City's and the Firefighters and Police Associations' ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the City and the Firefighters and Police Associations should review their operating procedures to obtain the maximum internal control possible under the circumstances. The City and the Firefighters and Police Associations should utilize current personnel and officials to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Response - The City will continue to review operating procedures and processes with the goal of improving internal controls and oversight where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

CITY OF LA PORTE CITY
LA PORTE CITY, IOWA

Schedule of Findings
Year ended June 30, 2022

II. Other Findings Related to Required Statutory Reporting:

- (1) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (2) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jasmine Gaston, Council Member, Co-owner of Henninger Electric	Electrical work	\$ 199

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Henninger Electric do not appear to represent a conflict of interest since total transactions were less than \$6,000 during the fiscal year.

- (3) Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (4) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (5) City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (6) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (7) Annual Urban Renewal Report - The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1.

CITY OF LA PORTE
LA PORTE CITY, IOWA

Audit Staff

This audit was performed by:

Janel Ruzicka, CPA
Ethan Philo, CPA
Samantha Koontz